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US Market Wrap - 21st November 2025

Stocks and bonds bid after dovish Fed's Williams

- **SNAPSHOT**: Equities up, Treasuries up, Crude down, Dollar flat, Gold down
- **REAR VIEW**: Williams says Fed can cut in near term; BLS cancels Oct. CPI report & re-schedules Nov. for after Fed Dec. meeting; Japanese jawboning; Weak UK data; Trump gives Thursday deadline to Zelensky on Ukraine/Russia peace plan; Trump team internally floats selling NVDA H200 chips to China; NBH's Virag quit.
- **WEEK AHEAD**: Highlights include US Retail Sales, RBNZ, UK Budget, Australian CPI, Tokyo CPI. To download the report, please click here.
- **CENTRAL BANK WEEKLY**: Previewing RBNZ, PBoC MLF, ECB Minutes, BoK; Reviewing FOMC Minutes, RBA Minutes, PBoC LPR. To download the report, please click here.

MARKET WRAP

US indices began the day on the back foot and continued on the NVIDIA (NVDA) weakness seen on Thursday, but swiftly turned around, which was largely supported by a surprisingly dovish Williams. The NY Fed President said, in his view, the Fed can still cut rates in the near term, given current policy is modestly restrictive, indicating that would be his preference in December. The comment helped lift stocks and bonds with a dovish repricing in Fed money markets. At its peak today, a 62% chance of a 25bps cut was seen, but pared back a couple of bps after the BLS announced the Oct. CPI is cancelled and Nov. CPI will be released after the Dec. FOMC meeting, meaning the Fed will not have access to inflation or labour market data until after the confab. As a reminder, in October, Powell gave a driving in the fog analogy, where it is best to slow down when visibility is not clear. The Dollar was flat, while the Yen was the clear outperformer and supported by comments overnight from Finance Minister Katayama, while a sharp, unexplained move in the US morning raised intervention suspicions. High-beta FX was also buoyed by the risk sentiment. T-Notes saw strength on the aforementioned dovish Williams, but settled off peaks as sentiment improved. Bitcoin still saw selling, but sits around USD 84.5k, at the time of writing, off earlier troughs of USD 80.5k. The crude complex saw notable losses and tracked the initial sour risk tone in the morning, while ongoing peace prospects kept the complex pressured. However, Trump has issued a Thursday deadline for Zelensky to accept the plan, while reports noted Ukraine and the EU reject some of the key aspects of the deal, which helped oil settle off lows.

US DATA

FLASH US PMI: The Flash PMI data in the US for November saw manufacturing slip to 51.9 from 52.5, only slightly below the 52.0 forecast, while services rose to 55.0 from 54.8, above the 54.6, seeing the composite tick up slightly to 54.8 from 54.6, despite the consensus for a 54.5 print. The report highlights that “A marked uplift in business confidence about prospects in the year ahead adds to the good news. Hopes for further interest rate cuts and the ending of the government shutdown have boosted optimism alongside a broader undercurrent of improved economic optimism and reduced concerns over the political environment." On prices and the labour market, it noted "The rate of hiring continues to be constrained by worries over costs, in turn linked to tariffs. Both input costs and selling prices rose at increased rates in November, which will be of concern to the inflation hawks."

MICHIGAN: The Final University of Michigan survey for November saw sentiment revised up to 51.0 from 50.3, and above the expected 50.5. Conditions were revised lower to 51.1 from 52.3, while expectations lifted back into expansionary territory at 51.0 from 49.0. However, consumers remain frustrated about the persistence of high prices and weakening incomes. Surveys of Consumers Director Hsu noted consumers remain frustrated about the persistence of high prices and weakening incomes. In terms of inflation expectations, 1yr and 5yr ahead both ticked lower to 3.4% (prev. 3.6%) and 4.5% (prev. 4.7%), respectively. Hsu said, "Despite these improvements in the future trajectory of inflation, consumers continue to report that their personal finances now are weighed down by the present state of high prices."

FED

WILLIAMS (voter): The NY Fed President was unexpectedly dovish, as he said, in his view, the Fed can still cut rates in near term given current policy is modestly restrictive - seemingly alluding to a possible December cut. The influential FOMC Vice Chair Williams added that inflation progress has stalled, but it should be on track to 2% in 2027, and tariffs have increased prices but are not expected to lead to persistent inflation. Williams noted economic growth has slowed and the labour market has gradually cooled, stressing it is imperative that the Fed meets its inflation target, but without undue risk to the maximum employment goal. On the labour market, it has been cooling for over two years now, with demand for labour softening and the unemployment rate rising. In some later remarks, the NY Fed President said clear communication can limit market disruption, while noting the US has not been on a sustainable fiscal path for a while. Williams also does not like the notion of a short-run neutral rate. Williams remarked that financial markets set asset prices, and the Fed does not have a view on if they are too high or too low.

MIRAN (voter): Fed Governor Miran, as expected, reiterated his known uber-dove views. He hopes that if everyone was in doubt, the labour market data should convince people to cut in December, and the implications of Thursday's data were "obviously dovish". When asked about moving Fed meeting dates, he stated the date does seem "arbitrary", but a lot of people do things in accordance with the Fed meeting, so he is not sure about moving the meeting date. On the magnitude of his cut, the dove did note he would vote for a 25bps cut if his vote for 50bps was needed to decide the overall outcome.

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COLLINS (2025 voter): The Boston Fed President said the September jobs report did not change her view, noting the labour market has clearly softened, but the unemployment rate remains relatively low, although it may rise further. Collins said she is more concerned about inflation than the labour market at this point, and wants to see clear evidence of labour-market softening and continued inflation progress before supporting further cuts. Described the current policy as mildly to moderately restrictive, which is very appropriate, and helps guide inflation lower as tariffs pass through. She believes the Fed is now much closer to neutral and must carefully balance risks, especially with financial conditions still accommodative. She expects to normalise rates further, but it needs to be done gradually, and she is hesitant to get too far ahead. Furthermore, she said that dialling down has already helped address the shifts in risks. She remains cautious about December, saying it's a complicated context and the Fed must be forward-looking and weigh which side of the mandate is further from target.

PAULSON (2026 voter): The Philadelphia Fed President said she is approaching the December decision cautiously, and viewed the September labour market report as encouraging overall, though, on the margin, remains more concerned about the labour market than inflation. She believes prior rate cuts have been appropriate, but each one raises the bar for another. She stressed monetary policy must walk a fine line, especially with upside risks to inflation and downside risks to employment. She expects to learn more before December. Paulson described the economy as doing okay, though noted that growth is unusually reliant on higher earners and sensitive to equity valuations. Added that tariff effects have been smaller than feared, with solid demand helping to cap inflation pressures.

LOGAN (2026 voter, hawk): The Dallas Fed President reiterated she would find it difficult to support a December rate cut, stating that inflation is too high and the labour market is roughly balanced. She also repeated that the October cut was not warranted and that the Fed should hold rates steady for a time to better assess the degree of restrictiveness. She highlighted that elevated asset valuations and compressed credit spreads are creating financial tailwinds, which current policy must offset. Also, she noted that rising demand from data centres is likely to keep upward pressure on energy prices.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLES 12 TICKS HIGHER AT 113-08

T-Notes rise on dovish Williams but settle off peaks as risk-tone improves. At settlement, 2-year -4.4bps at 3.514%, 3-year -5.2bps at 3.501%, 5-year -5.5bps at 3.618%, 7-year -5.4bps at 3.812%, 10-year -4.1bps at 4.063%, 20-year -2.1bps at 4.678%, 30-year -1.7bps at 4.715%.

INFLATION BREAKEVENS: 1-year BEI -0.9bps at 2.653%, 3-year BEI -0.1bps at 2.409%, 5-year BEI -0.7bps at 2.252%, 10-year BEI -0.2bps at 2.233%, 30-year BEI 0.0bps at 2.203%.

THE DAY: T-Notes bull steepened on Friday with upside initially supported in the European morning in risk-off trade as Thursday's woes spilt over into Asia and Europe. However, T-Notes hit peaks in the wake of dovish Fed commentary from NY Fed President Williams, who said the Fed can still cut rates in the near term, given current policy is modestly restrictive. This saw a dovish shift in market pricing with the odds of a December rate cut rising from c. 30% pre-Williams, up to 66% (16.5bps of easing) at the peak. The commentary adds to the growing divide of views on the FOMC, with the December meeting set for a big debate at the Fed. To throw a spanner in the works, the BLS announced its latest data scheduling for CPI. The October CPI will not be released, while the November CPI has been delayed to December 18th, also after the December 10th FOMC. This leaves the Fed with no more CPI or NFP reports before the next meeting, while the October PCE has also been rescheduled (date TBC). The lack of data saw the dovishness pare somewhat, with markets now pricing in 14bps of easing, implying a 56% probability of a 25bps rate cut in December. Back to T-Notes, Treasuries were off highs as we headed to the end of the week, with the risk tone improving from the Thursday bloodbath. Stocks extended early gains in the US afternoon on reports that the US is looking to allow NVIDIA (NVDA) to sell H200 chips to China.

SUPPLY:

Notes

- **US Treasury to sell (all to settle December 1st):**
- USD 69bln of 2-year notes on November 24th
- USD 70bln of 5-year notes on November 25th
- USD 44bln of 7yr notes on November 26th

Bills

- **US Treasury to sell (all to settle Nov 28th):**
- USD 86bln 13-week bills on Nov 24th
- USD 77bln 26-week bills on Nov 24th
- USD 85bln 6-week bills on Nov 25th

CRUDE

WTI (F6) SETTLES USD 0.94 LOWER AT 58.06/BBL; BRENT (F6) SETTLES USD 0.82 LOWER AT 62.56/BBL

Oil saw notable losses, and followed the initial sour risk tone and continued reporting of the 28-point Ukraine/Russia peace plan proposed by Trump. Despite risk sentiment notably improving through the US session, benchmarks still saw weakness, albeit with a couple of headlines which bought crude off lows. Crude moved higher on reports that Ukraine and European allies rejected key parts of the US-Russian plan for peace. Meanwhile, further upside was seen on commentary from US President Trump that the US is not putting off Russian sanctions and that Thursday (Nov. 27th) is an "appropriate" deadline for the Ukraine plan. Following this, Ukraine, France, Germany and the UK are reportedly working on a counter-proposal to the US peace plan, while Putin stated he

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received the US plan for Ukraine and thinks it can be a basis for final resolution; text was not discussed with them. In the weekly Baker Hughes rig count, oil rose 2, nat gas rose 2, leaving the total up 5 at 554. WTI traded between USD 57.38-58.80/bbl and Brent USD 61.87-63.10/bbl.

EQUITIES

- **CLOSES**: SPX +0.98% at 6,603, NDX +0.77% at 24,240, DJI +1.08% at 46,245, RUT +2.80% at 2,370.
- **SECTORS**: Communication Services +2.15%, Health +2.11%, Materials +2.10%, Consumer Discretionary +1.74%, Real Estate +1.30%, Industrials +1.20%, Financials +1.09%, Consumer Staples +0.77%, Energy +0.52%, Technology +0.07%, Utilities +0.01%
- **EUROPEAN CLOSES**: Euro Stoxx 50 -0.84% at 5,523, Dax 40 -0.78% at 23,096, FTSE 100 +0.13% at 9,540, CAC 40 +0.02% at 7,983, FTSE MIB -0.60% at 42,662, IBEX 35 -1.04% at 15,822, PSI -1.18% at 8,056, SMI +0.62% at 12,620, AEX -0.88% at 927.

STOCK SPECIFICS:

- **Nvidia (NVDA)**: Trump team reportedly floating the idea internally of selling NVDA H200 chips to China, Bloomberg reported.
- **Apple (AAPL)**: Reportedly raises A19 chip orders due to strong iPhone 17 demand
- **Elastic N.V. (ESTC)**: Investors fixated on its overall loss doubling Y/Y, heightening concerns about profitability amid already nervous sentiment toward tech and AI-linked shares
- **Gap Inc. (GAP)**: Profit and comparable sales topped
- **Ross Stores (ROST)**: Top and bottom-line surpassed expectations
- **Intuit (INTU)**: EPS and revenue beat
- **Copart (CPRT)**: Revenue missed
- **Warner Bros. Discovery (WBD)**: Paramount, Comcast, and Netflix submit bids for WBD
- **Citigroup (C)**: Announced CFO transition
- **Nike (NKE)**: Raised quarterly dividend 3%
- **Intel (INTC)**: Denies new hire stole TSM secrets
- **SoftBank Group (SFTBY)**: Nvidia-fuelled rout swept Asian chip shares
- **Ford (F)**: Reaffirms guidance after a fire on Nov 20th at the Novelis Aswego aluminium plant.
- **Tyson Foods (TSN)**: Reportedly going to close one of the largest beef-processing plants in the US, according to WSJ citing sources.

US FX WRAP

The Dollar was flat, with DXY trading between 99.988-100.39. The clear highlight in the US session was a surprisingly dovish appearance from influential Fed governor Williams; he said the Fed can still cut rates in the near term, given current policy is modestly restrictive, appearing to be advocating for a December rate cut among a split Fed committee, which also puts him alongside Waller heading into December. As a result, a notable dovish move in markets was seen, and Fed money market pricing, at peaks, saw a 62% chance of a 25bps reduction in the next confab. However, the pricing pared 2bps or so after BLS announced it has cancelled the October CPI report, and will publish the November CPI on December 18th, which means the Fed will not have access to inflation or labour market data until after the meeting. In October, Fed Chair Powell gave a driving in the fog analogy, where it is best to slow down when visibility is not clear.

G10 FX was mixed. JPY was the clear G10 outperformer, followed by high-beta FX, which benefitted from the turnaround in risk sentiment through the US session, which saw Cable reverse from a low of 1.3039 to a peak of 1.3109. That only tells some of the story, as Sterling saw two bouts of weakness in the UK morning. Initially saw losses after Retail Sales M/M for October surprisingly declined, and then extended lower in the wake of Flash Services PMI for November underwhelming.

AUD/USD and **NZD/USD** both sit at session peaks, at the time of writing, of 0.6460 and 0.5615, respectively. Back to the **Yen**, it strengthened on Friday after commentary overnight from Finance Minister Katayama that she would take appropriate action in the event of excessive FX moves, describing recent moves as one sided and rapid. Meanwhile, there was a sharp move in USD/JPY just after the cash open, moving from c. 156.70 to c. 156.20 within a minute - the move was without news but did coincide with downside in Nasdaq-100 while the Dollar weakened vs other peers. Elsewhere, via Nikkei, BoJ's Masu said the BoJ is 'close' to a decision to raise rates, via Nikkei, but could not say which month.

European currencies, such as the **HUF and CHF**, were lower, as was the Bloc’s EUR. Swissy was hit on risk sentiment, albeit has seen a notable bid in recent trading, while the single-currency Euro saw a knee-jerk lower in the wake of weak German HCOB Flash PMI data for November, with French and Eurozone PMIs also disappointing. EUR/USD traded between 1.1492-1.1552, and currently sits around 1.15. Lastly, HUF was one of the big movers on Friday, and saw notable weakness after NBH's Virag quit, and is to be replaced by Banai.

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